Canada's Vendetta receives positive PEA for Australian lead-zinc project

Vendetta Mining announced that it has just received the results from an independent Preliminary Economic Assessment or PEA for its Pegmont lead-zinc project located in Queensland, Northeastern Australia

In a press release, Vendetta explained that the PEA was developed by a team of independent consultants, including AMC Mining Consultants, GR Engineering Services, and AARC Environmental Solutions. According to the miner, the PEA revealed that Pegmont has a mine life of 10 years at 3,000 tonne per day open pit followed by an underground operation.

The project economics seem to be low-risk, as it needs a pre-production capital of A$170 million and a life of mine sustaining capital of A$59 million.

Based on a long-term agreement of metal prices that put lead at $0.94 /lb, zinc at $1.09 /lb, and silver at $16.50 /oz, the after-tax net present value of the project is $124 million with an internal rate of return of 24%. After tax payback period is estimated in 3.5 years.

Among other highlights, the PEA predicts an average annual production of 124 million lbs of lead, 50 million lbs of zinc and 298,000 ounces of silver, with an average net smelter return of 135 /t of ore.

"The results outlined in the PEA demonstrate a robust, stand-alone project. The project has been able to take advantage of Pegmont's location in the centre of well-developed infrastructure to deliver a pre-start capital that makes this an achievable project to develop for an aspiring junior miner," Michael Williams, Vendetta's President and CEO, said in the media statement.

Pegmont is situated some 30 kilometres of BHP's Cannington silver-lead-zinc mine, Chinova's Osborne copper-gold operations, and Starra gold-copper mine.

Chinese dumping policy leads to resentful market situation

As per the reports, dumping of aluminium downstream products in the Indian markets has made operations of the domestic manufacturers unviable. Further, low incentives on exports and declined global metal prices are also affecting their earnings on a large scale.

Due to limited incentives, the domestic aluminium downstream manufacturers are unable to widen their export markets. Further, the secondary aluminium producers also go through a series of disadvantages as they have to purchase primary aluminium at a 14 per cent premium over the LME price from the primary producers.

The on-going trade war between US and China has led to dumping of Chinese aluminium in the international market on a vast scale and further, Chinese manufacturers also receive export incentive of 16 per cent. They are disrupting the market for the domestic downstream manufacturers not just in India but also globally.

As per a report, Aluminium Secondary Manufacturers Association (ASMA) has stated that the domestic downstream manufacturers are mostly MSMEs, which cannot compete in the current situational crisis and their survival is threatened with the current situations in the play.

ASMA further stated that the government needs to intervene, to protect the domestic secondary aluminium manufacturers by levying anti-dumping duty on Chinese products and ensure that Chinese products are not routed through India to Southeast Asian countries which have FTAs with India.

This section is a compilation from various company press releases, business dailies, trade publications and Industry Websites.